

FISCAL NOTE

Bill #: HB0256

Title: State Contribution to Deferred Compensation Plan

Primary

Sponsor: John Cobb

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund		\$380,000
Revenue:	\$0	\$0
Net Impact on General Fund Balance:	\$0	(\$380,000)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Public Employees' Retirement Division:

1. If there are no Social Security contribution account reversions to the state general fund under 19-1-602(4), then this plan will not be implemented.
2. Based on the December 30, 1998, payroll, 11,965 employees were eligible to participate. Some growth over the next two years is anticipated, so for this fiscal note the number is rounded up to 12,000.
3. For the same pay period, 3,941 employees contributed to the state's deferred compensation plan, or 32.9%.
4. The incentive paid by the State of Montana will increase the participation to 60%, or to 7,200 employees.
5. University system employees are excluded from participating and are not included in the above numbers.

(continued)

Department of Administration:

6. The State Personnel Division assumes that the entire personnel services and operating expenses budget for the Deferred Compensation Program will be transferred to the Public Employees' Retirement Division.
Rent costs will not transfer since the division utilizes portions of 4 positions, but not full positions, which results in the need to retain office space, telephone, computers, etc.
7. The program is entirely funded through fees assessed to and paid by program participants.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Public Employee's Retirement Division:		
FTE	0.775	0.775
<u>Expenditures:</u>		
Personal Services	\$27,511	\$27,511
Operating Expenses	4,555	4,692
(States contribution to 457 plan)		360,000
(Training)		20,000
TOTAL	\$32,066	\$412,213
<u>Funding:</u>		
General Fund (01)	\$0	\$380,000
Other	32,066	32,203
TOTAL	\$32,066	\$412,213
Department of Administration:		
FTE	(0.775)	(0.775)
<u>Expenditures:</u>		
Personal Services	(\$27,511)	(\$27,511)
Operating Expenses	(4,555)	(4,692)
TOTAL	(\$32,066)	(\$32,203)
<u>Funding:</u>		
Other	(32,066)	(32,203)
Statewide:		
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	\$0	\$380,000
Other	\$0	\$0